

**P Capital Partners Alpha AB**  
**Org nr 556805-9660**

**INTERIM REPORT FOR THE PERIOD 1 JANUARY 2022 – 30 JUNE 2022**

The Board of Directors and Chief Executive Officer of P Capital Partners Alpha AB hereby present the interim report on the activities of the company for the period 1 January 2022 – 30 June 2022.

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK '000). Figures in parentheses refer to the previous year.

## **DIRECTORS' REPORT**

### **OPERATIONS**

P Capital Partners Alpha AB, which is a subsidiary of P Capital Partners AB (556930-7027) operates a corporate lending business. The company is an alternative investment fund within the meaning of the Swedish Alternative Investment Fund Managers Act (2013:561) and is managed by the parent company, P Capital Partners, which since 18 June 2014, holds a license from the Swedish Financial Supervisory Authority for the management of alternative investment funds under the Alternative Investment Fund Managers Act (2013:561).

The business is focused on direct loans to businesses and the acquisition of listed bonds and other debt securities. The company's main currency is Swedish kronor (SEK). Any investments made in other currencies are normally hedged to Swedish kronor. Investments are made alongside with Proventus Capital Partners Alpha KB (corp. ID 969771-7131).

The operations are funded with capital contributed by the owners and through profit participating debentures from primarily institutional investors. The total funding commitments to the company are SEK 1,895 million. From 4 December 2018, the fund was closed to new investments, as the P Capital group has launched its new fund P Capital Partners IV, therefore, no more contributions will be requested. A total of SEK 1,327 million has been contributed to the company, corresponding to 70 per cent of the total funding.

Profit-sharing with holders of profit participation debentures of the company is settled in Swedish kronor. The interim report is prepared in Swedish kronor.

### **SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

Investing activities began in 2015, and at the end of the reporting period comprised six (seven) commitments. The total value of the entire PCP Alpha loan portfolio (including PCP Alpha KB) was SEK 723 (927) million.

During the period the company's loan portfolio has developed in line with expectations and no loan have been repaid.

### **RESULTS AND FINANCIAL POSITION**

The net profit and loss for the period was SEK 0 (0) million and equity at the end of the period was SEK 2 (3) million. The company's part of the cumulative return on the portfolio since its inception is SEK 326 (281) million.

### **OUTLOOK**

The company's target is to generate a 5 per cent net annual return for the holders of profit participation debentures. There is currently nothing to suggest that the company will not be able to deliver a return to investors that is in line with expectations.

### **OTHER**

The company's profit participation debentures are listed on the Miscellaneous Nordic AIF Sweden segment under Main Regulated at NGM in Stockholm.

The results of the operations during the period and the financial position at the end of the period are shown in the following income statements and balance sheets, with accompanying notes.

## INCOME STATEMENT

	Note	2022-01-01 <u>2022-12-31</u>	2021-01-01 <u>2021-06-30</u>	2021-01-01 <u>2021-12-31</u>
<b>Operating income</b>				
Interest income using the effective interest method	3	19 842	24 287	47 450
Interest income and similar income	3	25 011	14 451	31 529
		<b>44 853</b>	<b>38 738</b>	<b>78 979</b>
<b>Operating costs</b>				
Interest expense and similar charges	3	-41 918	-36 218	-73 322
Credit losses net	5	-201	1 326	1 504
Administrative expenses	2	-2 734	-3 845	-7 023
		<b>-44 853</b>	<b>-38 737</b>	<b>-78 841</b>
<b>Operating profit</b>		<b>0</b>	<b>1</b>	<b>138</b>
Group contributions made		0	0	-22 640
<b>Profit/loss before tax</b>		<b>0</b>	<b>1</b>	<b>-22 502</b>
Tax	4	0	0	0
<b>Profit/loss and total comprehensive income for the period</b>		<b>0</b>	<b>1</b>	<b>-22 502</b>

**BALANCE SHEET**

<b>ASSETS</b>	<u>Note</u>	<u>2022-06-30</u>	<u>2021-12-31</u>	<u>2021-06-30</u>
<b>Non-current assets</b>				
Non-current financial assets	5	400 350	609 065	926 884
<b>Total non-current assets</b>		<b>400 350</b>	<b>609 065</b>	<b>926 884</b>
<b>Current assets</b>				
<i><b>Current receivables</b></i>				
Short-term loans		322 929	132 747	0
Receivables from group companies		9 852	8 759	27 382
Short-term investments		0	425	1 649
Accrued expenses and deferred income		51	51	94
		<b>332 831</b>	<b>141 982</b>	<b>29 124</b>
<i><b>Cash and cash equivalents</b></i>		39 461	213 011	37 538
<b>Total current assets</b>		<b>372 292</b>	<b>354 993</b>	<b>66 663</b>
<b>TOTAL ASSETS</b>		<b>772 642</b>	<b>964 058</b>	<b>993 547</b>

**BALANCE SHEET**

**EQUITY AND LIABILITIES**

	Not	<u>2022-06-30</u>	<u>2021-12-31</u>	<u>2021-06-30</u>
<b>Equity</b>				
<b><i>Restricted equity</i></b>				
Share capital (5,500 shares with a quotient value of SEK 100)		550	550	550
		<b>550</b>	<b>550</b>	<b>550</b>
<b><i>Non-restricted equity</i></b>				
Retained earnings		1 829	24 874	2 459
Profit/loss for the period		0	-22 502	0
		<b>1 829</b>	<b>2 372</b>	<b>2 459</b>
<b>Total equity</b>		<b>2 379</b>	<b>2 922</b>	<b>3 009</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	6	756 068	951 237	976 176
<b>Total non-current liabilities</b>		<b>756 068</b>	<b>951 237</b>	<b>976 176</b>
<b>Current liabilities</b>				
Liabilities to group companies		1 265	1 600	12 957
Other current liabilities		12 723	8 059	1 025
Accrued expenses and deferred income		207	240	379
<b>Total current liabilities</b>		<b>14 195</b>	<b>9 899</b>	<b>14 362</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>772 642</b>	<b>964 058</b>	<b>993 547</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Profit/loss for the year	Total capital
<b>Opening balance, 1 January 2021</b>	<b>550</b>	<b>13 801</b>	<b>0</b>	<b>14 351</b>
Profit/loss and total comprehensive income for the year			-22 502	-22 502
<b>Total comprehensive income for the period</b>			<b>-22 502</b>	<b>-22 502</b>
<b>Transactions with shareholders</b>				
Shareholder contributions received*)		22 502		22 502
Shareholder contributions repaid *)		-371		-371
Dividend		-11 059		-11 059
<b>Total transactions with shareholders</b>		<b>11 073</b>		<b>11 073</b>
<b>Closing balance, 31 December 2021</b>	<b>550</b>	<b>24 874</b>	<b>-22 502</b>	<b>2 922</b>
Transfer of previous year's profit/loss		-22 502	22 502	0
Profit/loss and total comprehensive income for the year				0
<b>Total comprehensive income for the period</b>		<b>-22 502</b>	<b>22 502</b>	<b>0</b>
<b>Transactions with shareholders</b>				
Shareholder contributions repaid *)		-543		-543
<b>Total transactions with shareholders</b>		<b>-543</b>		<b>-543</b>
<b>Closing balance, 30 June 2022</b>	<b>550</b>	<b>1 829</b>	<b>0</b>	<b>2 379</b>

\*) The operations are funded partly through contingent capital contributions from the owners. The terms of repayment for the contributions are that repayments have been made of the fund's investments.

**STATEMENT OF CASH FLOWS**

	2022-01-01	2021-01-01	2021-01-01
	<u>2022-12-31</u>	<u>2021-06-30</u>	<u>2021-12-31</u>
Interest paid	-33	-45	-77
Interest received	18 441	24 800	49 653
Financial transactions net	-20 322	10 871	5 125
Paid administration costs	-2 685	-3 777	-7 023
<b>Cash flow from operations</b>	<b>-4 598</b>	<b>31 849</b>	<b>47 678</b>
Change in current receivables	-20	-1 005	-3
Change in current liabilities	-35	-410	-548
Change in group receivables/liabilities	-1 477	-15 399	-9 143
Increase of non-current financial assets	0	-2 578	-1 968
Decrease of non-current financial assets	44 720	103 544	303 554
<b>Cash flow from operating activities</b>	<b>43 188</b>	<b>84 153</b>	<b>291 892</b>
Repaid shareholder contributions	-543	-284	-371
Decrease in non-current liabilities	-205 065	-107 163	-140 238
Paid interest on non-current liabilities	-6 532	-55 719	-70 651
<b>Cash flow from financing activities</b>	<b>-212 139</b>	<b>-163 165</b>	<b>-211 260</b>
<b>Cash flow for the period</b>	<b>-173 550</b>	<b>-47 163</b>	<b>128 310</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>213 011</b>	<b>84 701</b>	<b>84 701</b>
<b>Cash and cash equivalents at end of period</b>	<b>39 461</b>	<b>37 538</b>	<b>213 011</b>

## NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

### Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting with regards to the exemptions from and additions to IFRS indicated in RFR 2 Accounting for legal entities.

The same accounting policies and grounds for assessments as in the latest Annual Report have been used.

### Receivables and liabilities in a currency which is not the reporting currency

Receivables and liabilities in foreign currency have been valued at closing rates and profits from currency movements are reported as part of interest income and similar income and losses from currency movements are reported as part of interest expenses and similar charges. The following exchange rates have been used in valuation of assets and liabilities:

EUR 10.6801 (10.1249); USD 10.2194 (8.5103); GBP 12.4127 (11.7663)

### Note 2 Administrative expenses

Intercompany purchases and sales: Included in administrative expenses are costs for administration and offices invoiced from P Capital Partners AB of SEK 2.2 (3.2) million during the first half of 2022.

Average number of employees: As in the preceding year, the company had no employees.

### Note 3 Interest income, interest expense and similar profit/loss items

	2022-01-01 <u>2022-06-30</u>	2021-01-01 <u>2021-06-30</u>
<i>Interest income in accordance with the effective interest method</i>		
Interest income in accordance with the effective interest method	19 842	24 287
Total	<u>19 842</u>	<u>24 287</u>
<i>Interest income and similar income</i>		
Currency profits	25 011	14 144
Other interest income	0	306
Total	<u>25 012</u>	<u>14 451</u>
<i>Interest expenses and similar charges</i>		
Interest expenses profit participation debentures	-16 428	-23 080
Other interest expenses	-33	-45
Currency losses	-25 457	-13 093
Total	<u>-41 918</u>	<u>-36 218</u>
Interest income from assets at fair value.	0	306
Interest income from assets at amortised cost.	19 842	24 287
	<u>19 842</u>	<u>24 593</u>
Interest expenses from liabilities at fair value	-33	-45
Interest expenses from liabilities at amortised cost	-16 428	-23 080
	<u>-16 461</u>	<u>-23 125</u>

### Note 4 Tax

	2022-01-01 <u>2022-06-30</u>	2021-01-01 <u>2021-06-30</u>
Reported profit before tax	0	-11 059
Tax calculated at applicable rate (20.6%)	0	0
Reported tax expense	<u>0</u>	<u>0</u>

Any tax earnings are settled against the parent company through group contributions at year-end. No tax has therefore been calculated on earnings, since the group contribution is fixed at the end of the financial year.



## Note 5 Non-current financial assets

		<u>2022-06-30</u>	<u>2021-12-31</u>
Loans		400 350	609 065
Total		<u>400 350</u>	<u>609 065</u>
Change, IFRS 9 reserve	2022-01-01	2021-01-01	2021-01-01
	<u>2022-06-30</u>	<u>2021-06-30</u>	<u>2021-12-31</u>
Opening reserve	-621	-2 125	-2 125
Change for the period	<u>-201</u>	<u>1 326</u>	<u>1 504</u>
Closing reserve	<u>-822</u>	<u>-799</u>	<u>-621</u>

The change during the period of the IFRS 9 reserve has been reported in the income statement. The closing reserve for future credit losses has been reported in the balance sheet under non-current financial assets. No significant changes have taken place in the portfolio, but the reserve has increased slightly due to a deteriorating macro outlook.

Loans refer to direct loans to businesses. At the end of the period, the portfolio comprised six commitments. The maturities will vary and are estimated from less than one year up to two years. Loans that are expected to be repaid within 12 months are reported under current assets.

## Note 6 Other non-current liabilities

### *Profit participation debentures*

The holders of profit participation debentures have undertaken to provide funding of up to SEK 1,890 million. The owner's contributions under the same agreement is SEK 5 million. As the investment period has ended, no additional funding is available.

The change of the accounted for amortized cost by the company issued profit participation debentures is dependent on the underlying performance of the company's assets. No part of the performance of the profit participation debentures is guaranteed by the company and profit participation debenture holders bear the same risk as shareholders of the company with regards to invested capital, but shareholders have a greater responsibility for the business and a duty to distribute profits to profit participation debenture holders according to the contractual terms. Interest is paid quarterly to holders of the profit participation debentures in accordance with the fund's terms and condition where the size of the interest is dependent on the profits realized during the quarter with deduction of the period's costs.

### Return, profit participation debentures

SEK	Maturity	<u>2022-06-30</u>		<u>2021-12-31</u>	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures	2015-2024	695 898	756 068	900 963	951 237
Unrealised gain			60 170		50 274
Realised gain			<u>217 963</u>		<u>211 431</u>
Total accumulated income, profit participation debentures			<u>278 133</u>		<u>261 705</u>

The profit participation debentures are listed on the Miscellaneous Nordic AIF Sweden-segment under Main Regulated at NGM in Stockholm.

**Note 7 Contingent liabilities**

	<u>2022-06-30</u>	<u>2021-12-31</u>
Funding commitments made to existing borrowers	0	0
Contingent liability in the capacity of general partner of Proventus Capital Partners Alpha KB	1 467	159
	<u>1 467</u>	<u>159</u>

**Note 8 Related party transactions**

P Capital Partners Alpha AB is owned by P Capital Partners AB (556930-7027). The parent company provides services to the company and is paid a management fee based on total capital where the fee is invoiced quarterly. The management fee is part of administrative expenses and during the first half of 2022 the fee was SEK 2.2 (3.2) million.

Stockholm as of the day of my digital signature

Anders Thelin  
Chairman

Daniel Sachs  
Chief Executive Officer

Christian Reiner

Åsa Hansdotter

Anna Ramel

This interim report has been reviewed by the company's auditor.